

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

TRSE-00 SAM-01 ACDA-05 MC-02 EB-07 /085 W

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R 161218Z JAN 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 3441

INFO AMEMBASSY ISLAMABAD

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

CFMQ/AMEMBASSY STOCKHOLM 119

CINCPAC

DIA WASHDC

C O N F I D E N T I A L NEW DELHI 0845

CINCPAC FOR POLAD

EO 11652: GDS

TAGS: MASS, PFOR, IN, SW, UK, FR

SUBJ: NO DECISION YET IN IAF FIGHTER SWEEPSTAKES

REF: PARIS 33184

1. WITHIN THE PAST WEEK BRITISH HIGH COMMISSIONER MICHAEL WALKER HAS SPOKEN TO DEFENCE MINISTER BANSI LAL ABOUT THE JAGUAR. LAL WANTED PRECISE FIGURES ON TERMS, PRICES, DELIVERY DATES FOR THE JAGUAR. THE DEFENCE MINISTER ALSO TOLD THE BRITISH THAT THE FRENCH MIRAGE WAS STILL VERY MUCH IN CIMPETITION, AND THAT HE ANTICIPATED A NEW FRENCH OFFER. SIR MICHAEL INTENDS TO SEE DEFENCE SECRETARY KOHLI IN THE NEAR FUTURE AND SAY THAT BRITIAN IS PREPARED TO DELIVER THE FIRST 20 TO 24 AIRCRAFT ON CREDIT, THE TERMS TO BE FIVE YEARS AT 6 1/2 TO 8 1/2 PERCENT. THE BRITISH WILL DELIVER THE
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MAXIMUM NUBER 24, ONLY IF THE FRENCH CONCUR IN THE CREDIT

ARRANGEMENT.

2. THE FRENCH BELIEVE THEIR CHANCES ARE STILL EXCELLENT- FRENCH PRIME MINISTER CHIRAC WILL DISCUSS THE MATTER WITH MRS GANDHI DURING HIS VISIT, JANUARY 23 TO 26, BUT THE FRENCH EMBASSY HERE DOES NOT EXPECT THE MATTER TO BE RESOLVED DURING THAT VISIT. THE FRENCH UNDERSTAND THE INDIAN TEAM WAS PLEASED BY THE RESULTS OF THEIR VISIT TO FRANCE, BUT MORE AND MORE THE FRENCH EMBASSY HERE IS CONVICTED THAT IT IS PRIME MINISTER GANDHI ALONE WHO WILL MAKE THE FINAL DECISION, WHICH THE FRENCH ASSERT WILL BE ON POLITICAL GROUNDS. OUR FRENCH EMBASSY CONTACT AGAIN REPEATED THE FRENCH ASSESSMENT THAT THE SOVIETS ARE VERY MUCH IN THE RUNNING AND ARE ENERGETICALLY PUSHING THE LATE MODEL MIG AIRCRAFT. THE FRENCH SEE SOME MIX IN THE INDIAN SELECTION AS FAR AS POSSIBLE. THE FRENCH ALSO BELIEVE THE SWEDES HAVE REDUCED THEIR PRICES AND OFFERED TO TAKE RUPEES IN PAYMENT, BUT OUR FRENCH CONTACT COULD NOT OR WOULD NOT GIVE THE BASIS FOR THIS CONCLUSION.

3. MEANWHILE THE SWEDES HERE ARE KEEPING UP A BRAVE FRONT, ALTHOUGH THEY ARE THE LEAST OPTIMISTIC OF THE COMPETITORS. THE INDIANS ALSO WENT TO STOCKHOLM AND LOOKED AT THE VIGGEN, EVEN IF UNABLE TO FLY IT. THE SWEDISH SAAB SCANIA TEAM RETURNED TO SWEDEN BEFORE CHRISTMAS, AND HAS MADE NO PROVISION TO RETURN TO INDIA. THE SWEDISH EMBASSY TELLS US THERE ARE NO CONCESSIONARY CREDIT POSSIBILITIES, ALTHOUGH THE INDIANS HAVE CONTINUED TO PRESS FOR SOFT TERMS. THE SWEDES SAID THEY WOULD GIVE THE INDIANS SOME MINIMAL MARKETING ASSISTANCE IN SWEDEN, BUT RUPEE PAYMENTS WERE NOT MENTIONED BY OUR CONTACT. UNDER THE LAST DISCUSSED ARRANGEMENT, THE SWEDES WOULD DELIVER THE FIRST 24 TO 36 AIRCRAFT TO INDIA. THE NEXT AIRCRAFT WOULD BE ASSEMBLED HERE UNDER LICENSE. AT THE SAME TIME THE INDIANS WOULD ALSO BEGIN TO PRODUCE SOME COMPONENTS HERE. THE SWEDES WOULD UNDERTAKE TO PURCHASE SOME OF THE LATTER FOR USE IN SWEDEN, THE SWEDES SAY THE INDIANS HAVE NEVER DISCUSSED A TOTAL ORDER FIGURE.

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